



Publication 121

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Illinois Income Tax Withholding for Household Employees

This publication replaces Booklet IL-700-H, Illinois Household Employer's Tax Guide and Tables.

The information in this publication is current as of the date of the publication. Please visit our web site at **tax.illinois.gov** to verify you have the most current revision.

This publication is written in the plain English style so the tax information is easier to understand. As a result, we do not directly quote Illinois statutes or the Illinois Administrative Code. The contents of this publication are informational only and do not take the place of statutes, rules, or court decisions. For many topics covered in this publication, we have provided a reference to the applicable section or part of the Illinois Administrative Code for further clarification or more detail. All of the sections and parts referenced can be found in Title 86 of the Code.

About this publication

This publication is about current income tax withholding requirements and filing options. The objectives of this publication are to identify

- who is a household employee;
- who is an employer;
- if withholding Illinois Income Tax is required;
- how to figure, pay, and report Illinois Income Tax that you withhold for your household employee;
- what records you should keep; and
- what forms you must give to your household employee.

Note: This publication replaces Booklet IL-700-H, Illinois Household Employer's Tax Guide and Tables.

More information for employers of household workers is available at household.illinois.gov.

Taxpayer Bill of Rights

You have the right to call the Department of Revenue for help in resolving tax problems.

You have the right to privacy and confidentiality under most tax laws.

You have the right to respond, within specified time periods, to department notices by asking questions, paying the amount due, or providing proof to refute the department's findings.

You have the right to appeal department decisions, in many instances, within specified time periods, by asking for department review or by taking the issue to court.

If you have overpaid your taxes, you have the right, within specified time periods, to a credit (or, in some cases, a refund) of that overpayment.

For more information about these rights and other department procedures, you may write us at the following address:

Problems Resolution Office
Illinois Department of Revenue
PO Box 19014
Springfield, IL 62794-9014

Get tax forms and information faster and easier at tax.illinois.gov

Who is a household employee?

A household employee is someone you pay to do domestic work in or around your home. For example, a household employee could be a babysitter, caretaker, cleaning person, driver, health aide, housekeeper, nanny, private nurse, and/or yard worker. This person can be a full-time or part-time employee who you pay hourly, daily, weekly, or by the job.

Note: We define a household employee the same as the Internal Revenue Service (IRS) defines a “domestic service employee.” For more information, visit www.irs.gov and refer to IRS Publication 926.

Am I an employer of a household employee?

You are an employer of a household employee if you

- employ a person who does household work in or around your home,
- control *what* work is done, *and*
- control *how* the work is done (e.g., provide the necessary equipment, supplies, or tools to do the job).

If the worker controls how the work is done, the worker is **not** your employee. This person usually provides his or her own tools and offers services to the general public in an independent business. If an agency provides the worker and controls what work is done and how it is done, the worker is not your employee.

Do I need to withhold Illinois Income Tax?

Generally, you must withhold Illinois Income Tax for your Illinois employee if

- you withhold federal income tax, *or*
- you and your employee enter into a voluntary withholding agreement. (We do not require a separate agreement for payments covered by a federal voluntary withholding agreement.)

Note: Federal law excludes wages paid to certain types of household employees from withholding.

Do I need to register to withhold Illinois income tax?

You must register but how you register depends on which option you choose to file and pay your withholding income tax for your household employee. You may choose one of the following two options.

- The **annual combined filing and payment option** allows you to file and pay, once a year, your withholding income tax and unemployment insurance contributions. You must

register as a household employer with the Illinois Department of Employment Security before April 15th and fill out the election form to file and pay annually. Visit household.illinois.gov.

- The **quarterly withholding tax filing and payment option** requires you to file withholding tax payments separately from your unemployment insurance contributions. For withholding income tax, you will be able to file and pay annually only if you withhold less than \$500 from your employees. If you withhold \$500 or more, you will have to file quarterly returns and you may have to make payments monthly or even more frequently. Register with us (the Illinois Department of Revenue) by completing Form REG-1, Illinois Business Registration. You may access the forms or apply on-line at tax.illinois.gov. You must separately register with the Illinois Department of Employment Security for unemployment contributions.

What form does my household employee need to complete for withholding tax?

Have your household employee complete **Form IL-W-4**, Employee's Illinois Withholding Allowance Certificate. On this form, your employee will tell you the number of allowances he or she is entitled to claim. You withhold Illinois Income Tax from his or her wages based, in part, on the number of allowances claimed. If your employee does not complete this form, withhold tax as if he or she is single with no withholding allowances.

How do I figure the amount to withhold?

To determine how much tax you must withhold, you may

- find the amount by using the tax tables in Booklet IL-700-T, Withholding Income Tax Tables, *or*
- calculate the amount using the following formula. First, determine the employee's exemption amount total. Multiply Line 1, Form IL-W-4, by \$2,000. Multiply Line 2 by \$1,000. Add these two amounts for the total exemption amount. Find the number in the table below that corresponds to how often you pay your employee. Divide the total exemption amount by this number. Then subtract the total exemption amount from your employee's wages. Multiply the result by 3 percent.

Automated payroll method allowance table	
Payroll periods	Number
Weekly	52
Bi-weekly	26
Semi-monthly	24
Monthly	12
Bi-monthly	6
Quarterly	4
Semi-annually	2
Annually	1

How do I report and pay the Illinois Income Tax I withhold?

If you are registered as a household employer for the combined annual filing option, you must file Form UI-WIT, Combined Return for Household Employers, by April 15th of the following calendar year. You may electronically file and pay at household.illinois.gov.

Otherwise, you must file Form IL-941, Illinois Quarterly Withholding Income Tax Return, to report and pay the income tax you withheld. You may be required to make additional payments using Form IL-501, Illinois Withholding Income Tax Payment. You must also file Form IL-W-3, Illinois Annual Withholding Income Tax Return. See Booklet IL-700, Illinois Withholding Tax Guide, to determine how often you are required to report and pay withholding tax. Electronically file and pay at tax.illinois.gov.

What if I do not withhold the correct amount of tax or make a reporting error?

If you discover that you withheld an incorrect amount of Illinois Income Tax from an employee's compensation and it is during the **same** calendar year, you should correct the error by making an adjustment in the amount you withhold from that employee's future compensation.

If you made an error on

- Form UI-WIT, you must complete Form IL-700-H-X, Amended Household Employer's Withholding Tax Return.
- Form IL-941, you must file Form IL-941-X, Amended Illinois Quarterly Withholding Tax Return.
- Form IL-W-3, you must file Form IL-W-3-X, Amended Annual Illinois Withholding Tax Return.

If your corrections result in a balance due, you must pay the additional tax and you may owe penalties and interest. If your corrections result in an overpayment, we will issue you a refund. See Booklet IL-700 for more information.

What form must I give to my household employee about withheld amounts?

Before **February 1** of each year, you must give your household employee three copies of federal **Form W-2**, Wage and Tax Statement. **Do not** send this form to us. Instead, keep it in your records for three years and send it to us only if we request it.

If your employee permanently discontinues employment before the close of the calendar year or you terminate a federal voluntary withholding agreement, you must give the employee a completed federal Form W-2 within 30 days of the last payment on which withholding was required.

You must keep an undeliverable Form W-2 for at least three years after the date you are required to give the form to your employee.

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What records must I keep?

You must maintain a current and accurate record of all persons for whom you withhold Illinois Income Tax. You must have on file at all times a current copy of Form IL-W-4 for each of your household employees. Your records must contain the following information:

- amounts and dates of all payments from which you withhold tax
- names, addresses, and Social Security numbers of persons receiving payments
- periods of employment, including periods in which wages were paid while absent due to sickness or injury
- amounts paid by pay period
- copies of all federal W-2 forms issued to household employees
- Employee Withholding Allowance Certificate (federal Form W-4)
- Employee's Illinois Withholding Allowance Certificate (Form IL-W-4)

Note: You must keep these records for three years from the due date of the return or the date the return was filed, whichever is later, and provide them to us if we request them.

What important dates should I remember?

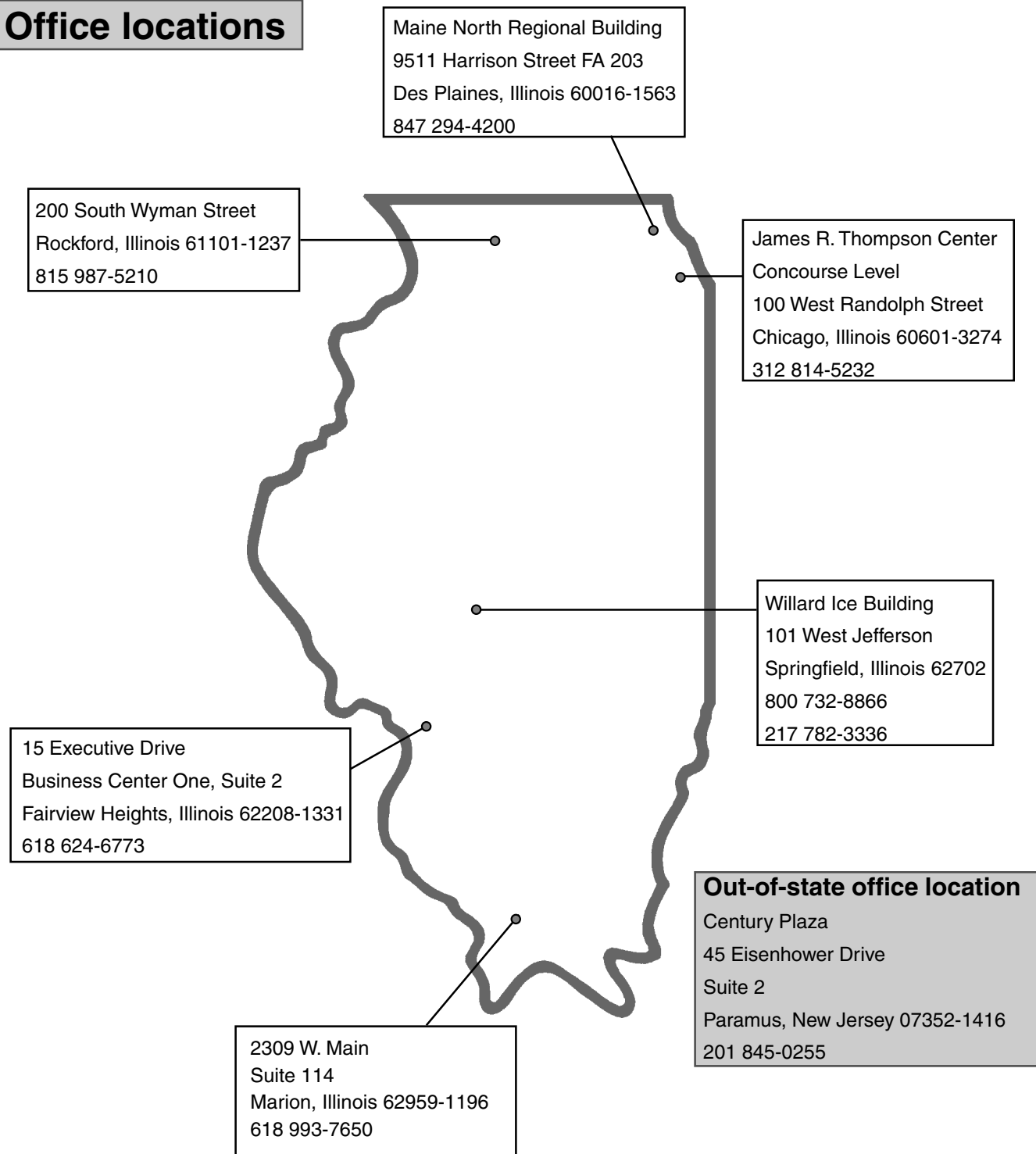
- **January 1, current year (or as soon as you and your household employee enter into an agreement to withhold)** — You need to have your household employee complete Form IL-W-4.
- **December 1, current year**— You should remind your household employee to review his or her current Form IL-W-4, complete a new Form IL-W-4 for the following calendar year and make necessary changes in the number of exemptions claimed.
- **January 31, following year**— You must give each of your household employees three copies of federal Form W-2 for wages paid and tax withheld during the previous calendar year.
- **April 15, following year**— If you are a calendar year filer, you must file Form UI-WIT and pay the tax you withheld from your household employee's wages during the previous calendar year.

Do I owe other employment taxes?

Check with the Illinois Department of Employment Security at www.ides.state.il.us for more information for employers about unemployment insurance contributions.

You may also owe federal taxes. Refer to IRS Publication 926 for more information. Visit www.irs.gov or call 1 800 829-3676.

Office locations



For information or forms

Visit our web site at tax.illinois.gov

Call us at **1 800 732-8866** or **217 782-3336**.

Call our TDD (telecommunications device for the deaf) at **1 800 544-5304**.

Write us at Illinois Department of Revenue, P.O. Box 19044, Springfield, IL 62794-9044.

Call our 24-hour Forms Order Line at **1 800 356-6302**.

Note: For other household employer forms and information, visit household.illinois.gov or www.ides.state.il.us



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